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BUREAU OF EMPLOYMENT SECURITY
Division of Economic Analysis and Research

LABOR MARKET DIGEST

January 1991

The Labor Market Information Newsletter on Maine Economic Activity

Using Labor Market Information to Size Up Your Customers

In today's competitive environment, gut instinct evaluation of customers may no longer be an adequate means of finding and exploiting a market niche. Although small-business owners or managers are closer to their customers on a day-to-day basis than their counterparts in larger companies, that does not guarantee that they understand their markets. Demographic information, as an integral piece of Labor Market Information, is a means of systematically identifying the distinct market segments into which potential customers may fall.

Demographic information is an accessible, cost-effective way to identify a target market within budgetary constraints. Demographic variables are good indicators of purchasing behavior for many product and service categories, and they reveal ongoing trends such as shifts in age distributions and household types. Demographic information is also helpful in evaluating marketing efforts.

The Four Rs

Is it worthwhile to segment your market? To decide, you should ask four key questions:

--Can you **rank** your target markets by their importance to your overall market?

--Are your target markets of **realistic** size, large enough to profitably pursue?

--Can your **reach** your targeted customers easily?

--Will your targeted customers **respond** to marketing strategies?

Can You Rank Your Target Markets?

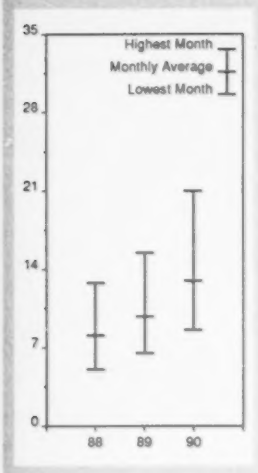
You must evaluate, both objectively and subjectively, the potential of one target market relative to another in order to decide which one is worth pursuing. To do this, you need to quantify your total market and each of its segments.

Demographics can be an effective tool for measuring markets. Using cluster analysis, you can determine the size of the overall market in your area, then zero in on the potential market. A cluster analysis includes such variables as household income, age distribution, homeownership, and education.

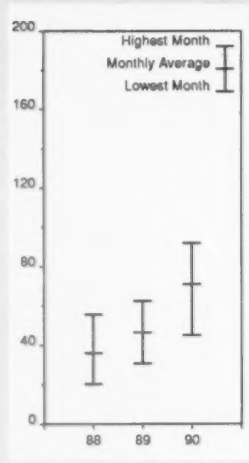
Is The Targeted Market Realistic in Size?

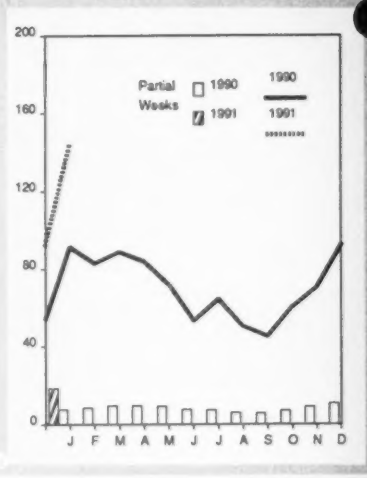
Each market that you target must be large enough to support the cost of the marketing effort. You should consider both the number of potential customers and their incomes in order to estimate the purchasing power of the segment.

UI Initial Claims
In Thousands



UI Intrastate Weeks Claimed
In Thousands





A client at Florida University's Small Business Development Center wanted to open a day-care center; she needed to find the best potential site for it. The Center identified three potential sites for the day-care using demographic information from the Census Bureau, by looking for census tracts in which a large number of working mothers with children under age six lived. They plotted the existing day-care centers on a map, together with a population density of working mothers. This competitive analysis supplemented the demographic data and helped assess the feasibility of the venture.

The Center was able to pinpoint areas that had at least 2,500 mothers in the labor force with children under the age of six and no existing day-care center.

Can You Reach The Targeted Customers?

Your targeted customers should be readily accessible. For market segmentation to work effectively, you have to be able to reach distinct markets through select media and targeted messages. The higher cost of reaching a distinct market must be justified by higher sales to that market.

You can use demographics to identify the media that reach your target markets most efficiently. Most small businesses target customers most effectively through newspapers, radio, and direct mail. Once you have a demographic profile of your customers, you can compare it with the readership profile of a newspaper, the listenership profile of a radio station, or the zip code demographics that you will reach through direct mail. Even if a perfect match is impossible, your business can gain a competitive edge by knowing how your targeted customers' demographics match with the media you are using to reach them. You can also use the demographic profile of your targeted customers to design your promotional campaigns and advertising.

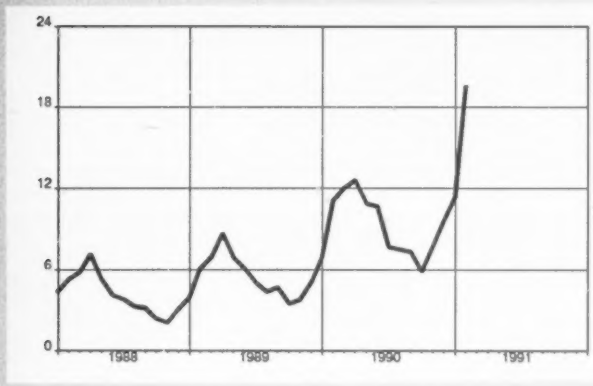
Will The Targeted Customers Respond?

If the targeted customers don't respond to your marketing efforts, you shouldn't be marketing to them. Thorough market research, including surveys of noncustomers as well as customers, can help you identify whether potential customers need your particular product or service before you spend money trying to sell them. Demographics, combined with market survey research, can identify potentially responsive market segments.

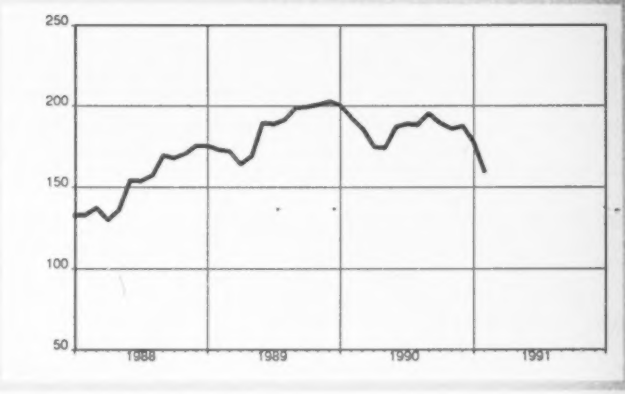
Selected Employment Security Activities

MAINE JOB SERVICE

U I Benefit Payments
In Millions
(Total Includes Maine's Portion of Extended Benefits)



Unemployment Compensation Fund Balance In Millions
(End of Month)



Earnings and Workweek of Production Workers in Manufacturing Industries

AREA AND INDUSTRY	AVERAGE WEEKLY EARNINGS This Month	Last Month	Year Ago	AVERAGE WEEKLY HOURS This Month	Last Month	Year Ago	AVERAGE HOURLY EARNINGS This Month	Last Month	Year Ago	ANNUAL AVERAGE HOURLY EARNINGS 1988	1989	1990
STATEWIDE												
Manufacturing	$434.32	$441.16	$418.54	39.7	41.0	40.4	$10.94	$10.76	$10.36	$9.31	$9.89	$10.58
Durable Goods	425.41	426.96	416.98	40.4	41.9	40.8	10.53	10.19	10.22	9.00	9.59	10.20
Lumber and Wood Products	361.01	374.74	375.23	41.4	41.0	41.6	8.72	9.14	9.02	8.60	8.85	9.10
Primary and Fabricated Metals	404.56	439.78	417.17	40.7	43.2	43.5	9.94	10.18	9.59	8.79	9.31	9.98
Industrial Machinery and Equipment	484.88	492.06	492.03	41.8	41.7	42.6	11.60	11.80	11.55	9.49	11.03	11.63
Electronic and Other Electric Equipment	380.76	373.80	364.77	38.0	39.1	37.8	10.02	9.56	9.65	8.51	9.02	9.69
Transportation Equipment	512.08	501.95	491.26	40.1	43.8	40.6	12.77	11.46	12.10	9.82	10.80	11.68
Other Durable Goods	348.53	358.64	328.18	41.1	42.9	41.7	8.48	8.36	7.87	7.43	7.80	8.11
Nondurable Goods	442.96	454.99	418.55	39.2	40.3	39.9	11.30	11.29	10.49	9.60	10.16	10.93
Food and Kindred Products	307.43	332.60	312.20	35.5	38.9	37.3	8.66	8.55	8.37	7.30	8.01	8.56
Textile Mill Products	344.08	344.04	342.54	39.1	38.7	39.6	8.80	8.89	8.65	7.66	8.22	8.82
Apparel and Other Textile Products	242.09	255.26	248.40	33.3	35.7	34.5	7.27	7.15	7.20	6.43	7.04	7.38
Paper and Allied Products	665.99	683.72	646.14	43.5	44.6	44.5	15.31	15.33	14.52	13.93	14.51	15.16
Leather and Leather Products	291.27	293.11	270.78	36.5	35.4	37.4	7.98	8.28	7.24	6.59	6.92	7.44
Other Nondurable Goods	373.98	393.41	361.73	37.7	40.6	38.4	9.92	9.69	9.42	8.62	9.10	9.62
PORTLAND MSA												
Manufacturing	395.49	415.51	408.56	37.1	39.8	38.8	10.66	10.44	10.53	9.58	10.53	10.63
LEWISTON-AUBURN MSA												
Manufacturing	355.70	363.08	346.63	37.6	38.3	38.6	9.46	9.48	8.98	8.08	8.50	9.26

Female Labor Force in Maine
In Thousands

ITEM 1/	This Month	Last Month	Year Ago
Labor Force	297.9	304.5	289.8
Unemployment	23.1	18.6	16.1
(Percent)	7.7%	6.1%	5.5%
Resident Employed	274.9	285.9	273.8

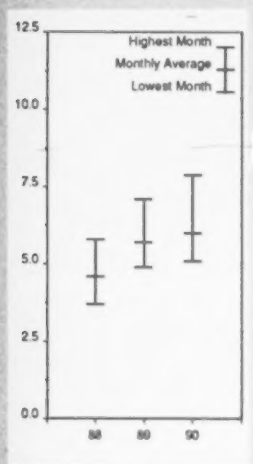
U.S. Consumer Price Index

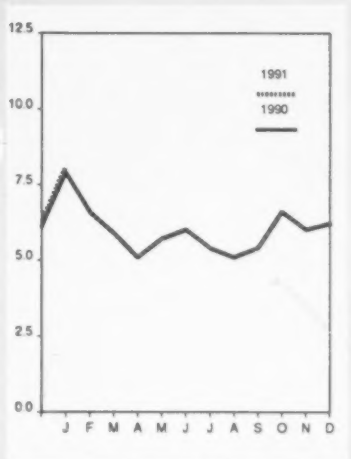
BASE PERIOD (1982-1984 = 100) All Items (CPI-U)	This Month	Last Month	Year Ago	Last Dec.
	134.6	133.8	127.4	133.8

Percent Change for Past Month	+0.6%
Percent Change from Last December	+5.7%
Percent Change from 12 Months Ago	+0.6%

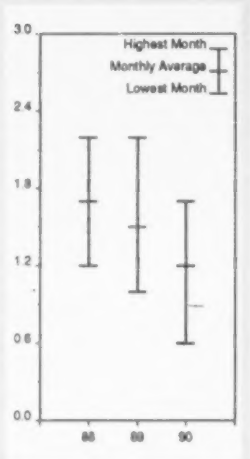
1/ Current figures preliminary; last month and year ago figures revised.
Source: Female labor force estimates are developed by, and solely the responsibility of, the Maine Bureau of Employment Security.

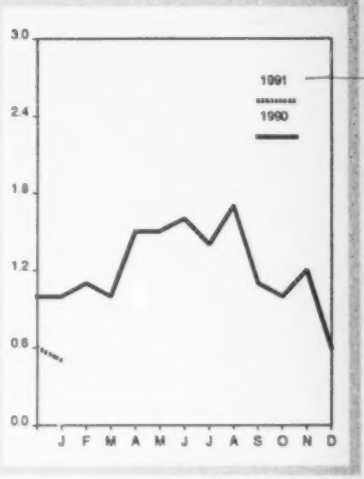
New Applications For Work
In Thousands





Nonfarm Placements
In Thousands
(Excludes Placements of Less than Three Days Duration)





Nonfarm Wage and Salary Employment by Place of Work (In Thousands)

ITEM	STATEWIDE This Month	STATEWIDE Last Month	STATEWIDE Year Ago	PORTLAND MSA This Month	PORTLAND MSA Last Month	PORTLAND MSA Year Ago	LEWISTON-AUBURN MSA This Month	LEWISTON-AUBURN MSA Last Month	LEWISTON-AUBURN MSA Year Ago
Nonfarm Wage and Salary Employment 1/	515.7	531.2	525.7	125.1	131.4	129.1	38.5	39.8	39.7
Goods Producing	122.1	125.3	129.9	21.0	22.8	23.6	9.8	9.8	10.8
Construction and Mining	23.9	26.0	27.0	5.0	6.8	6.9	1.7	1.8	1.8
Building Construction	7.9	8.6	9.8	1.4	1.7	2.0	n/a	n/a	n/a
Special Trade Contractors	12.9	13.7	13.7	3.4	4.5	4.3	n/a	n/a	n/a
Manufacturing	98.2	99.3	102.9	16.0	16.0	16.7	8.1	8.0	9.0
Durable Goods	45.6	46.3	48.3	7.9	7.5	7.9	2.1	2.1	2.4
Lumber and Wood Products	11.0	11.3	11.6	n/a	n/a	n/a	n/a	n/a	n/a
Primary and Fabricated Metals	3.4	3.4	3.5	n/a	n/a	n/a	n/a	n/a	n/a
Industrial Machinery and Equipment	4.6	4.7	4.8	1.7	2.1	2.1	n/a	n/a	n/a
Electronic and Other Electric Equipment	7.5	7.6	8.4	2.7	2.6	2.8	n/a	n/a	n/a
Transportation Equipment	14.9	14.9	15.4	(d)	(d)	(d)	n/a	n/a	n/a
Other Durable Goods 2/	4.2	4.4	4.6	3.5	2.8	3.0	n/a	n/a	n/a
Nondurable Goods	52.6	53.0	54.6	8.1	8.5	8.8	6.0	5.9	6.6
Food and Kindred Products	6.6	6.6	6.9	2.2	2.0	2.2	n/a	n/a	n/a
Textile Mill Products	5.5	5.5	5.5	(d)	(d)	(d)	n/a	n/a	n/a
Apparel and Other Textile Products	2.9	2.9	3.0	n/a	n/a	n/a	n/a	n/a	n/a
Paper and Allied Products	17.5	17.6	17.2	(d)	(d)	(d)	n/a	n/a	n/a
Printing and Publishing	5.7	5.8	5.9	1.6	1.6	1.7	n/a	n/a	n/a
Rubber and Miscellaneous Plastic Products	3.4	3.4	3.8	n/a	n/a	n/a	1.2	1.3	1.8
Leather and Leather Products	9.9	10.0	11.2	1.4	1.4	1.5	1.7	1.5	1.6
Footwear (except Rubber)	8.3	8.4	9.4	n/a	n/a	n/a	n/a	n/a	n/a
Other Nondurable Goods 3/	1.1	1.2	1.1	2.9	3.5	3.4	3.1	3.1	3.2
Service Producing	393.6	405.9	395.8	104.1	108.6	105.5	28.7	30.0	28.9
Transportation and Public Utilities	21.5	22.0	21.7	6.6	5.6	5.7	1.3	1.4	1.3
Wholesale Trade	24.3	25.0	25.1	9.3	9.8	9.7	2.1	2.2	2.2
Retail Trade	101.8	108.4	105.6	28.6	31.5	29.4	8.0	8.9	8.1
Food Stores	19.3	19.5	18.6	n/a	n/a	n/a	n/a	n/a	n/a
Eating and Drinking Places	29.0	30.7	30.0	7.9	8.1	7.6	n/a	n/a	n/a
Finance, Insurance and Real Estate	24.9	24.8	25.0	12.3	11.5	12.0	2.3	2.3	2.3
Banking	10.1	10.0	10.2	n/a	n/a	n/a	n/a	n/a	n/a
Insurance Carriers, Brokers and Agents	10.8	10.7	10.3	n/a	n/a	n/a	n/a	n/a	n/a
Services	125.8	127.5	121.8	31.7	34.0	32.9	10.6	10.8	10.7
Hotels and Other Lodging Places	6.7	7.0	6.2	n/a	n/a	n/a	n/a	n/a	n/a
Business Services	14.6	15.1	13.9	n/a	n/a	n/a	n/a	n/a	n/a
Health Services	45.1	44.9	44.4	n/a	n/a	n/a	n/a	n/a	n/a
Federal Government	18.2	18.3	19.3	1.8	2.0	2.0	0.3	0.3	0.3
State and Local Government 4/	77.1	79.9	77.3	13.8	14.2	13.8	4.1	4.1	4.0
Involved in Labor-Management Disputes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1/ Employment figures relate to full- and part-time wage and salary workers in pay periods including the 12th of the month. Domestic workers in private households, proprietors, self-employed, and unpaid family workers are excluded. 2/ Includes Standard Industrial Classification (SIC) codes: Statewide - 25, 32, 38, 39; Portland - 24, 25, 32, 33, 34, 37, 38, 39. 3/ Includes SIC codes: Statewide - 28, 29; Portland - 20, 22, 23, 26, 30; Lewiston - 20, 22, 23, 26, 27. 4/ Regular teachers are included in summer months whether or not specifically paid in those months. n/a - data not available in sufficient detail for publication. * Less than 50. (d) Nondisclosure item. Source: Nonfarm wage and salary employment by place of work and earnings, and workweek of production workers in manufacturing industries are developed by the Maine Bureau of Employment Security in cooperation with the U.S. Bureau of Labor Statistics.

Labor Force, Employment and Unemployment

AREA 1/	LABOR FORCE 2/ This Month	LABOR FORCE 2/ Last Month	LABOR FORCE 2/ Year Ago	RESIDENT EMPLOYED This Month	RESIDENT EMPLOYED Last Month	RESIDENT EMPLOYED Year Ago	UNEMPLOYMENT Number This Month	UNEMPLOYMENT Number Last Month	UNEMPLOYMENT Number Year Ago	UNEMPLOYMENT Percent of Labor Force This Month	UNEMPLOYMENT Percent of Labor Force Last Month	UNEMPLOYMENT Percent of Labor Force Year Ago
MAINE-STATEWIDE (000)	629.7	638.1	619.7	574.9	596.0	587.2	54.8	42.1	32.4	8.7	6.6	5.2
MAJOR LABOR MARKETS												
Bangor MSA	46,600	47,300	45,600	43,300	44,800	43,800	3,300	2,500	1,800	7.1	5.4	3.9
Lewiston-Auburn MSA	43,300	43,700	42,800	38,600	39,900	40,000	4,700	3,800	2,800	10.9	8.8	6.5
Portland MSA	131,000	133,300	132,000	123,000	127,300	128,000	8,000	6,000	4,100	6.1	4.5	3.1
Portsmouth-Dover Rochester MSA	141,300	143,500	135,700	132,500	136,300	130,100	8,800	7,200	5,600	6.2	5.0	4.1
OTHER LABOR MARKETS												
Augusta	37,470	36,800	36,350	34,590	34,640	34,850	2,870	2,160	1,500	7.7	5.9	4.1
Bath-Brunswick	30,600	31,250	31,010	28,720	29,850	29,890	1,890	1,400	1,120	6.2	4.5	3.6
Belfast	12,610	12,710	12,220	10,740	11,250	10,880	1,870	1,460	1,340	14.9	11.5	11.0
Biddeford	28,030	28,730	28,090	25,180	26,710	26,460	2,850	2,020	1,640	10.2	7.0	5.8
Boothbay Harbor-Wiscasset	15,580	16,260	14,760	14,460	15,500	14,110	1,130	770	650	7.2	4.7	4.4
Calais-Eastport	14,380	15,220	14,570	12,690	13,820	13,100	1,700	1,400	1,470	11.8	9.2	10.1
Caribou-Presque Isle	22,130	22,260	20,550	19,810	20,430	19,120	2,320	1,840	1,430	10.5	8.3	7.0
Central Penobscot	3,300	3,290	3,220	2,930	3,000	3,020	360	290	210	11.0	8.7	6.4
Dover-Foxcroft	7,340	7,340	7,160	6,640	6,810	6,750	710	530	410	9.6	7.2	5.7
Ellsworth	25,290	26,150	24,210	22,570	24,140	22,510	2,720	2,010	1,690	10.8	7.7	7.0
Farmington	13,950	14,140	13,870	12,830	13,210	13,220	1,120	920	660	8.0	6.5	4.7
Fort Kent-Allagash	5,640	5,720	5,330	5,100	5,280	4,910	540	440	420	9.6	7.6	7.8
Greenville	1,440	1,440	1,450	1,310	1,300	1,330	130	130	110	8.9	9.3	7.8
Houlton	6,680	6,730	6,330	6,230	6,340	6,050	450	390	280	6.8	5.8	4.4
Kittery-York 3/	29,340	30,400	29,300	27,710	29,300	28,350	1,640	1,090	950	5.6	3.6	3.2
Lincoln-Howland	5,670	5,580	5,500	5,070	5,100	5,150	600	470	350	10.5	8.5	6.3
Livermore Falls	5,050	5,050	4,560	4,470	4,620	4,220	580	430	340	11.5	8.6	7.4
Madawaska-Van Buren	4,100	4,160	3,740	3,560	3,720	3,390	550	440	350	13.3	10.5	9.4
Millinocket-East Millinocket	4,290	4,300	4,100	3,870	3,950	3,780	410	360	320	9.6	8.3	7.8
Norway-Paris	11,670	11,540	12,070	10,110	10,350	11,130	1,560	1,190	930	13.4	10.3	7.7
Patten-Island Falls	2,530	2,480	2,420	2,250	2,270	2,250	280	210	170	10.9	8.5	7.1
Rockland	19,100	19,790	19,060	17,140	18,440	17,910	1,960	1,350	1,150	10.3	6.8	6.0
Rumford	9,370	9,220	9,510	8,310	8,370	8,930	1,060	850	580	11.3	9.2	6.1
Sanford	16,940	16,960	16,620	14,990	15,540	15,430	1,950	1,430	1,190	11.5	8.4	7.2
Sebago Lakes Region	13,050	12,450	13,120	12,030	11,590	12,490	1,030	860	630	7.9	6.9	4.8
Skowhegan	24,230	24,520	22,640	21,450	22,280	21,000	2,780	2,240	1,650	11.5	9.1	7.3
Southwest Penobscot	11,850	11,690	11,310	10,300	10,450	10,240	1,550	1,250	1,070	13.1	10.7	9.5
Waterville	27,230	27,620	26,120	25,040	25,850	24,920	2,190	1,770	1,200	8.1	6.4	4.6
OTHER NEW ENGLAND STATES (000)												
Connecticut	n/a	1,768.9	1,758.7	n/a	1,685.0	1,670.0	n/a	84.0	88.7	n/a	4.7	5.0
Massachusetts	3,076.0	3,114.8	3,121.9	2,798.0	2,896.7	2,967.2	278.0	218.0	154.7	9.0	7.0	5.0
New Hampshire	640.6	639.2	622.3	593.8	598.6	593.4	46.8	40.6	28.9	7.3	6.4	4.6
Rhode Island	517.0	513.6	513.0	473.7	480.2	479.7	43.3	33.4	33.3	8.4	6.5	6.5
Vermont	309.4	307.0	309.7	284.9	286.6	295.7	24.6	20.4	13.9	7.9	6.6	4.5
NEW ENGLAND STATES (000)	n/a	6,981.6	6,945.3	n/a	6,543.1	6,593.2	n/a	438.5	351.9	n/a	6.3	5.1
UNITED STATES (000)	123,585	124,630	123,293	114,990	117,287	116,037	8,595	7,343	7,256	7.0	5.9	5.9

Footnotes

1/ Labor force, employment, and unemployment data for all areas are by place of residence and are not seasonally adjusted. Estimates made independently for each labor market area have been benchmarked to and extrapolated from the Current Population Survey estimates for the state. All data exclude members of the Armed Forces. Data are rounded for publishing purposes. Employment and unemployment may not add to labor force due to rounding. MSA - Metropolitan Statistical Area. n/a indicates that the information was not available at the time of printing.

2/ Current figures preliminary; last month and year ago figures revised.

3/ Kittery-York is the eight-town Maine portion of the Portsmouth-Dover-Rochester MSA which includes towns in both Maine and New Hampshire.

Source: These data are developed by the Maine Bureau of Employment Security in cooperation with the U.S. Bureau of Labor Statistics.

Mid-Month Insured Unemployment

ITEM	STATEWIDE This Month	STATEWIDE Last Month	STATEWIDE Year Ago	PORTLAND MSA This Month	PORTLAND MSA Last Month	PORTLAND MSA Year Ago	LEWISTON-AUBURN MSA This Month	LEWISTON-AUBURN MSA Last Month	LEWISTON-AUBURN MSA Year Ago
Number of continued-week claimants*	26,556	18,758	17,612	3,829	2,668	2,053	2,377	1,727	1,635

* Continued-week claimants are less partials for week including the 12th of the month.

Four Tips

If, after analyzing the Four Rs, you decide that it might be profitable to segment your market, here are a few tips that should help.

Get the demographic information you need for decision making. The first step in demographic analysis is planning. You need actionable information, not just numbers. Any information you collect should help you solve specific marketing problems. First determine what you already know about your customers. Then determine what else you need to know, isolating the demographic component of your information needs. Sources of demographic data for Maine are federal statistical offices; private data firms; and the Division of Economic Analysis and Research and its 30 affiliates, which include councils of governments, regional planning commissions, and libraries.

Use relevant demographic variables. One or two demographic variables, such as age and income, may not be enough. Demographic data includes education levels, household types, marital status, occupation, and so on. Cluster analysis, a technique that classifies neighborhoods by statistically grouping demographic variables that are linked to one another, may be useful for some small businesses.

Use demographics to embrace--not replace--intuition. Despite the value of research, you shouldn't ignore your instincts about your customers. Demographic information can add insight to your instincts, stimulating you to market more creatively. Demographic change is the result of many social, economic, and cultural trends, and demographic information can give you a context for understanding how your customers are changing.

Use census information and current estimates. A market changes as the people who live there change. The 1980 and 1990 censuses will give you the historical information about your area that will help you understand the ongoing change. You also need up-to-date information on the local area available from the Division of Economic Analysis and Research.

Excerpted from "How to Size Up Your Customers," American Demographics, July 1986: 34-37. Reprinted with permission, ©American Demographics, July 1986.

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